

S O C I A L S E C U R I T Y T O D A Y

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TRUST FUNDS SECURE

Funds growing but long-term problems remain

The Social Security trust funds are solvent for more than three decades into the future, according to the 1996 Annual Board of Trustees Report.

The Board of Trustees is required by law to report annually to Congress on the current and estimated future financial condition of the Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. The report uses annually updated economic and demographic assumptions, reflecting the nation's most recent experience and best available research. The report reflects little change from those of the past three years.

The 1996 report shows that income to the combined OASDI trust funds amounted to \$399.5 billion in calendar year 1995, and expenditures were \$339.8 billion. OASDI trust fund assets thus increased by \$59.7 billion, and at the end of last December stood at \$496.1 billion.

The report also states that the combined OASDI trust funds are expected to grow until 2019, and then to decline until they will be exhausted in 2029. Both of these dates are one year sooner than estimated in the 1995 report, due primarily to a technical correction.

Shirley S. Chater,
Commissioner of Social Security,

has noted that, contrary to what many people believe, Social Security will not be "broke" in 2029. The Social Security system will continue to receive payroll taxes—enough to cover 77 percent of the full benefit costs at that time.

"While there are long range financing problems for Social Security," Commissioner Chater said, "there is also ample time to discuss alternatives and to find a resolution

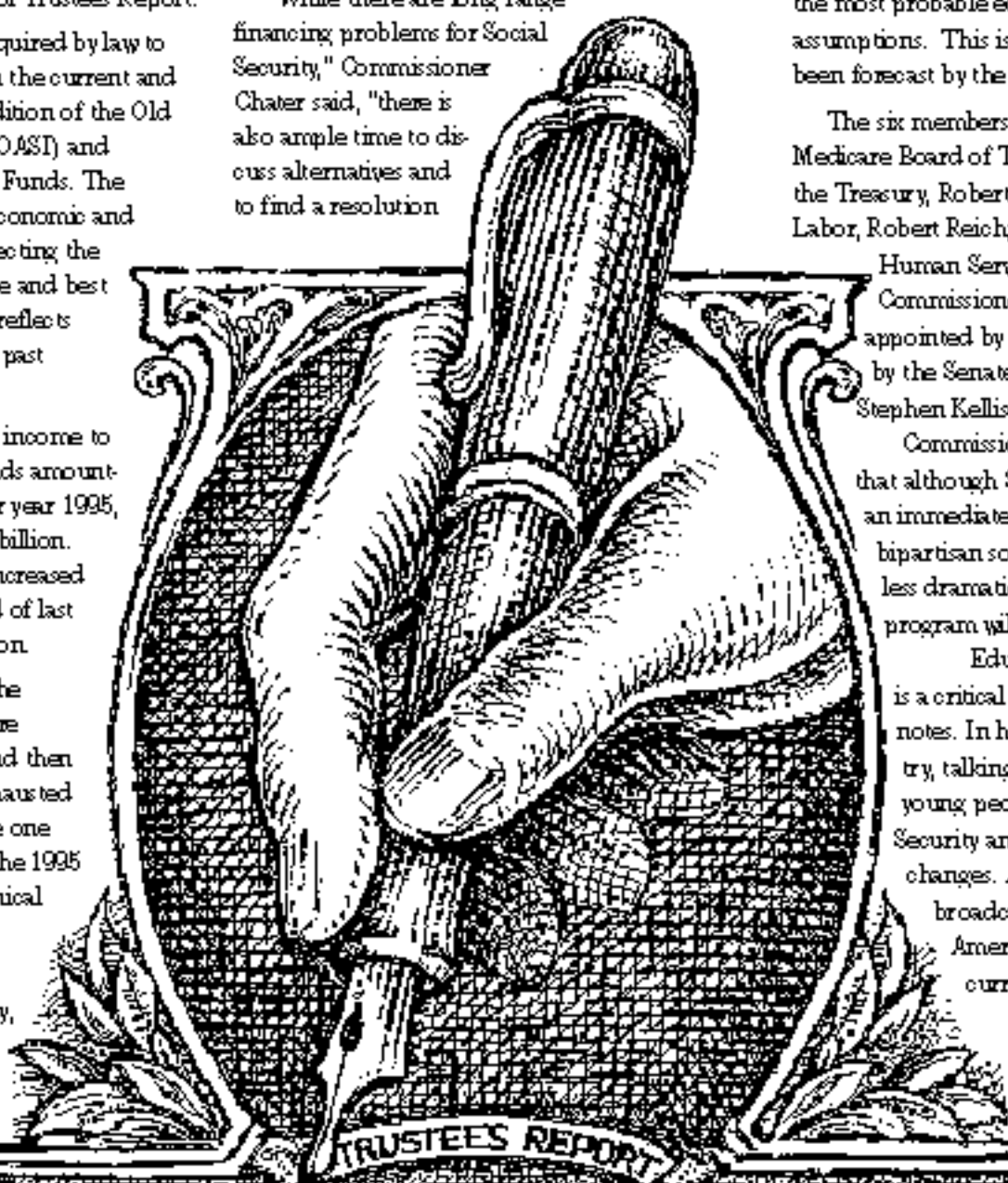
that has the full support of the American people."

The 1996 trustees report on the status of the Medicare trust funds was less favorable. The estimated depletion of the Hospital Insurance Trust Fund will occur in the year 2001, based on the most probable economic and demographic assumptions. This is one year earlier than had been forecast by the trustees last year.

The six members of the Social Security and Medicare Board of Trustees are: the Secretary of the Treasury, Robert Rubin; the Secretary of Labor, Robert Reich; the Secretary of Health and Human Services, Donna Shalala; Commissioner Chater; and two members appointed by the President and confirmed by the Senate to represent the public—Stephen Kellison and Marilyn Moon.

Commissioner Chater has emphasized that although Social Security does not face an immediate financial crisis, the earlier a bipartisan solution can be achieved, the less dramatic the future changes in the program will be.

Educating the American public is a critical part of the task ahead, she notes. In her travels around the country, talking both to senior citizens and young people, she discusses Social Security and the need for long-term changes. Also, she visits with print and broadcast journalists in cities across America to brief them on the current state of Social Security.



\$496 BILLION

COMMISSIONER'S MESSAGE

Shirley S. Chater

Commissioner of Social Security

Welcome to *Social Security Today*.

This new publication aims to inform you of news and trends in Social Security in an upbeat style that puts a human face on Social Security and our services.

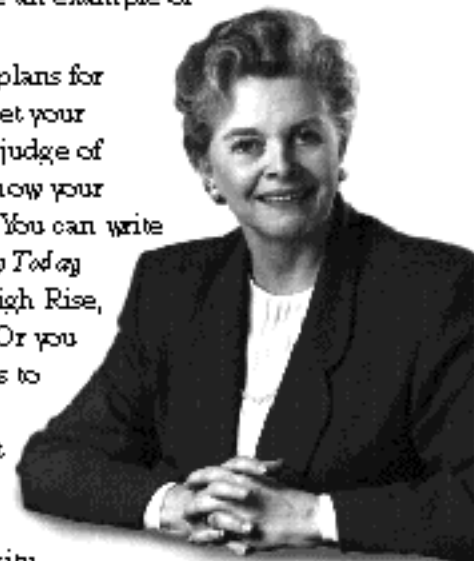
Your organization and thousands of others formerly subscribed to *Social Security Courier*. That publication has been discontinued, and, with this issue, *Social Security Today* takes its place. Although the format of the

publication has changed, we will continue to provide you with updates on Social Security subjects of interest to you.

In this issue we summarize news of the 1996 trustees report, which forecasts Social Security financing for the 21st century. We also report on important changes in the rules for paying benefits to stepchildren. There's information to help you protect your income tax refund. We tell you about Social Security's role in running a "general store" of government services in Atlanta. We allow you to meet a Social Security

beneficiary and profile an example of world class service.

We hope that our plans for *Social Security Today* meet your needs. You're the best judge of that, so please let us know your reactions to this issue. You can write to Editor, *Social Security Today* at Room 4-J-10 West High Rise, Baltimore MD 21235. Or you can fax your comments to us at 410-965-3903, or send e-mail to Margaret D. Pagan@ssa.gov. Thank you for your interest in Social Security.



MEET A BENEFICIARY

Grace Kelley

Social Security survivors benefits have helped many people get on with their lives after the loss of a loved one. An example that strikes close to home is Grace

Weimer Kelley. She can personally attest to the value of Social Security survivors benefits.

The death of her husband in a motorcycle accident nine years ago left Grace a widow with two children, wondering how she and her family would manage. Her brother-in-law helped her apply for Social Security survivors benefits. At the time, Grace was amazed that she and her children were entitled to monthly

checks based on her husband's work and earnings.

Her older son, Todd, because

he was turning age 18, could receive benefits only for a short time, while benefits for Grace and her younger son, Josh, continued. The monthly Social Security income paid food and household expenses.

With some college credits and limited part-time work experience, Grace was keenly aware that any job she might get would not match what her husband had earned. She was also aware that, because of the earnings limits on people receiving Social Security benefits, full-time earnings might cause her benefits as a mother to stop.

So she decided to return to college to complete her education. Grace and

Todd attended college at the same time.

Because her benefits as a mother would end when Josh attained age 16, Grace needed to complete all the credits required for graduation within two months after her benefits ceased.

She had to work diligently to meet her

goal. After graduating from college and beginning work, Grace saved part of Josh's survivor benefits to help with his college expenses.

Grace is grateful for the five years that survivors benefits were paid on her husband's record. "Survivors benefits gave me an amazing opportunity to change my life for the better as well as guide my two sons' lives in a positive, fulfilling direction. By giving us a choice, the survivors program allowed three of us to return much more than we ever took."

Several years ago, Grace came to work for Social Security. Her personal experience adds a special dimension to her work as a claims representative, especially when families apply for survivors benefits.

Too few people appreciate just how valuable Social Security survivors benefits can be to young families. But these numbers tell the tale —

Number of people receiving survivors benefits **7.4 million**

Number of children receiving survivors benefits **1.9 million**

Average monthly benefit payment for a widowed mother or father with two children **\$1,400**

It is also important to know that + approximately 1 in 5 of today's 20 year olds will die before reaching age 65;

+ Social Security survivors benefits for an average wage earner with a spouse and two children are equivalent to a \$300,000 life insurance policy.

PROFILE ON WORLD CLASS SERVICE

Every day Social Security makes a difference in people's lives. The following letter, received by Carol A. Coulson, who works at the Social Security office in Jacksonville, Fla., provides an example of the dedication and commitment Social Security employees show in their daily work.

Dear Mrs. Coulson, I recently sent you a letter asking you to forward a letter to a missing person who I haven't seen since my birth. I also talked to

you over the telephone, but I didn't know what questions to ask you. You told me what information you could about a missing person, and you also advised me what information you couldn't tell. Anyway, you told me that if you found the address of the person that I was trying to get in contact with, you would forward my letter to that person. That person was my father.

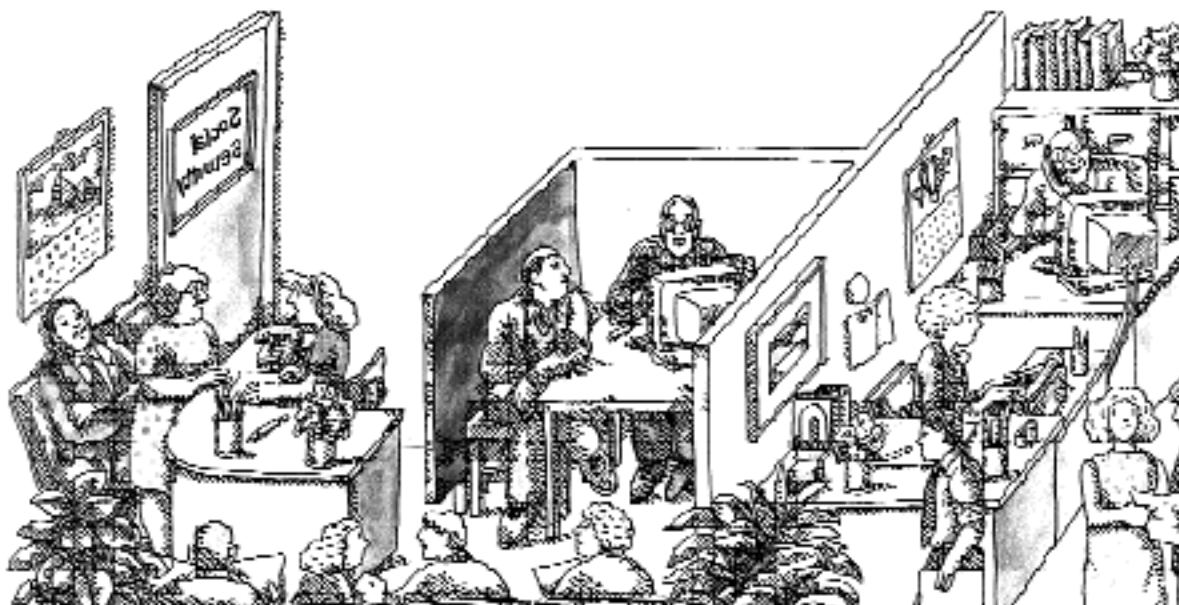
Before I hung up the telephone from talking with you, I remember your last words were "IF YOU FIND YOUR FATHER WOULD YOU LET ME KNOW." Well guess what? My father, after 41 years of searching called me. We talked and cried and

talked and cried for two hours. And while I am typing this letter to you I am still crying. My father said he didn't give up on me, that he had been looking for me, too. He said he would watch talk

shows in hopes that he would see me on one of them looking for him. I asked him, "Daddy did you remember my name?" He said "yes," and that he had carried me around all over California

when I was a baby.

He will be 80 years young in May of this year. Boy, does he have a good memory. He told me that I have four brothers, two sisters, two uncles, three aunts and a city of nieces



PROTECT YOUR TAX REFUND

If you usually get a tax refund, but you owe Social Security money because you received more benefits than you should have, you may not get your refund next year. The Internal Revenue Service can reduce or withhold your federal income tax refund to collect the delinquent debt. To keep this from happening, you can pay your past-due debt by credit card, cash, check, or money order. To pay by installments, you must make arrangements with your local Social Security office.

WHEN A NON-CITIZEN NEEDS A SOCIAL SECURITY NUMBER

Aliens with permission from the Immigration and Naturalization Service (INS) to work in the United States, need a Social Security number. Also, federal laws require that aliens who live in the U.S. but are not permitted to work have a Social Security number to be claimed as a dependent on a tax return or to enlist in the U.S. military service. State and local laws, conforming with federal law, may require a Social Security number to transact business related to taxes, general public assistance, a driver's license, or registration of a motor vehicle. Find out how to get the Social Security card you need by calling 1-800-772-1213.

The May-June issue of the Social Security Courier discussed the first two legs of the three-legged stool of retirement support: pensions and Social Security. This article on savings rounds out the series.

Many people say they can't afford to save. In today's world, you can't afford *not* to save.

No matter how little you earn, you should peg a few dollars as savings each month. There are at least two good reasons to do so.

• Advanced medical technology means longer life spans.

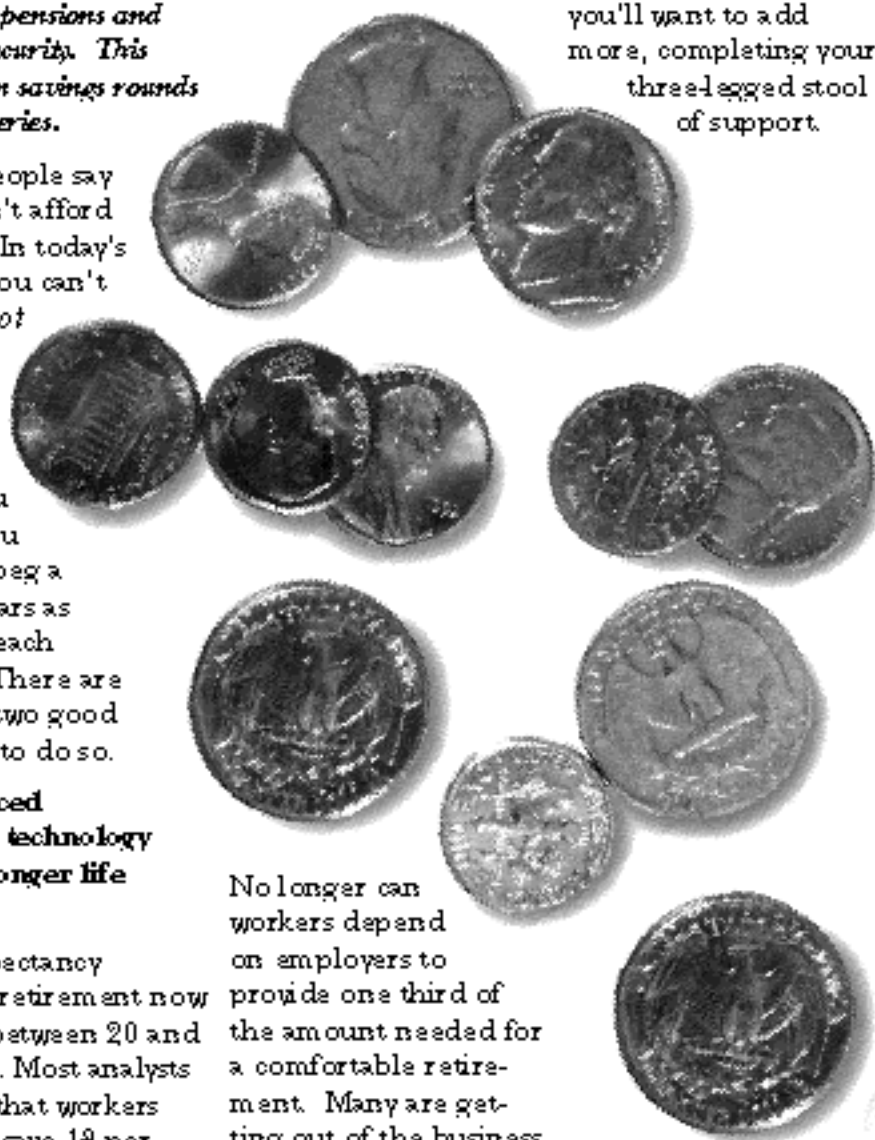
Life expectancy beyond retirement now ranges between 20 and 30 years. Most analysts project that workers need to save 18 percent of their earnings to live comfortably throughout retirement. While younger workers will not begin with a savings rate this high, they should strive to reach this figure well before the end of their

careers.

• Many employers no longer offer pension plans.

to only one-quarter of workers in small businesses.

When you see your savings begin to grow, you'll want to add more, completing your three-legged stool of support.



No longer can workers depend on employers to provide one third of the amount needed for a comfortable retirement. Many are getting out of the business of company pensions, and encouraging employees to make up the difference with savings. Right now, three-quarters of the workers in large businesses have employer-provided pensions, compared

FAST FACT

About 60 million people call Social Security's nationwide toll-free service each year.

ONE-STOP SHOPPING FOR FEDERAL AND LOCAL GOVERNMENTAL SERVICES

Going from place to place to take care of business during the day can be complicated and time consuming. That's why it's good to know that the Social Security Administration is one of the government agencies to offer services with just one stop in Atlanta, Ga., site of the U.S. General Store for Small Business.

The store, located at 675 Ponce de Leon Avenue in Atlanta City Hall East, celebrated its grand opening in June. It is the second such store of its kind created by federal agencies in coordination with the Federal Executive Board and the National Performance Review. The first opened in July 1995 in Houston, Texas.

Shirley S. Chater, Commissioner of Social Security, set the tone at the ribbon-cutting ceremony as she said, "Today, we're not just cutting the red ribbon; we're cutting the red tape. We're getting everyone together in one location ready to give you all the information you need. No longer do you need to race from one office to get information on your Social Security payment to another for help with your Internal Revenue Service form. Here, there is a team of experts ready to help you. We like to call it One-Stop Shopping — because just like the General Store of old, everything you need is right here. And because of this unique and exciting approach, working to serve you, and not just here at the General Store, but throughout government, we are all winners."

Cross-trained customer service representatives are skilled in answering questions, completing transactions and resolving problems. All services are free, including those from Social Security. A Social Security representative answers general questions, sets up appointments, and offers other Social Security services.

The layout resembles a bank, with counters for general services and desks for more specialized assistance. Kiosks providing electronic information and transaction services are also available. The store provides one-stop government services to businesses, ranging from assistance in complying with regulations and solving tax problems to obtaining loans for your business.

and nephews. I spoke briefly with my baby brother. All of them said they knew about me and were looking for me. So much for that.

Mrs. Coulson, I want to thank you for

taking the time to search for my father, and then forward my letter to him for me. You really can't tell by this letter how much I really appreciate what you've done for me, how you made my life change so suddenly by forwarding my letter to my father. You changed his life as well. My father is under doctor's care at the moment. I don't know when I will be able to see him in person, but I pray that God will provide a way. Again, thank you so much, and may God bless you.

Very respectfully,
Name withheld

Social Security records are kept confidential, but under certain circumstances, Social Security will help you get needed information to a missing person by forwarding your letter to that person. Social Security forwards about 1,000 letters each year, all of them in situations where the missing person would want to have the information contained in the letter.

Missing persons usually respond to a letter for a compelling humanitarian or financial reason.

Among the humanitarian reasons could be that a close relative of the missing person is seriously ill, a

child is left without parental care or, as in this case, a child wishes to locate a parent who has been missing for many years. A financial reason could be that the missing person is an heir named in a will or has been awarded benefits by the court.

Social Security does not charge to forward a letter for humanitarian purposes, but does charge \$3 to forward a letter involving finances.

The person wishing to have a letter forwarded must be able to give Social Security enough information about the missing person to conduct the search.



SOCIAL SECURITY PLANNING FOR TOMORROW

A free, nationwide satellite broadcast entitled 'Social Security: Planning for Tomorrow' will be aired September 18 (from 1-3 p.m. EDT) for the nation's employers and employees. This live, interactive broadcast will be packed with valuable information workers need to know as they plan their financial future. Viewers will learn that Social Security is more than a retirement program. It also provides disability and survivor benefits that protect workers (and their families) from loss of income if they become disabled or die before retiring.

These are the satellite coordinates: KU Band - Telstar 401, 97 Degrees West, Transponder K11 Full, Downlink Frequency 12040 MHz, Audio 6.2/6.8; C Band Telstar 402, 89 Degrees West, Transponder 8 Horizontal, Downlink Frequency 3860 MHz, Audio 6.2/6.8.

If you don't have access to a satellite network, you may find one at your public library, local college, or at another employer's facility in your area.

For more information, write to: Social Security Administration, 'Planning for Tomorrow,' Room 4100, Annex Building, Baltimore, MD 21235. Or you may access our Internet Home Page at <http://www.ssa.gov>.

NEW BENEFICIARIES TO BE PAID BY DIRECT DEPOSIT

People who plan to apply for Social Security benefits will have their monthly benefit payment deposited into their bank account.

Beginning July 26, 1996, anyone who begins receiving a federal payment must use direct deposit. That includes anyone who receives a benefit payment, federal wage, salary, or retirement payment, or vendor and expense reimbursement payment. This includes new Social Security beneficiaries. People already on the Social Security and Supplemental Security Income (SSI) rolls who get checks will continue to be paid by check for the present. Also, new beneficiaries who don't have a bank account will be paid by check.

FAST FACT

Now, Social Security payments can be made to U.S. citizens who are in, or move to, Russia. This was not possible before.

EASTERN EUROPEAN JEWS BENEFIT FROM A AGREEMENT

Thousands of elderly German-speaking Jews who settled in the United States after fleeing their Nazi-occupied homelands in Eastern Europe are now eligible for German Social Security benefits. This comes as the result of a new U.S.-German agreement.

To apply, contact the nearest German consulate.

You may request more information from the Consulate or write to: Social Security Administration, Office of International Policy, P.O. Box 17741, Baltimore, MD 21235.

Or you may access the Social Security Administration's Internet Home Page at <http://www.ssa.gov>.

RULES FOR STEPCHILDREN

As the result of a new law, a stepchild can receive benefits on a stepparent's earnings record only if the child depends on the stepparent for at least one-half of his or her financial support. The new law also requires that the stepchild's benefits end if the stepparent becomes divorced from the child's parent after June 30, 1996. The child's benefits terminate in the month following the month the divorce becomes final. The divorce must be reported to Social Security as soon as it becomes final.

CALL US!

For more information about Social Security, call our toll-free number, 1-800-772-1213. You may call this number to request a Personal Earnings and Benefit Estimate Statement (SSA-7004) which gives an estimate of your Social Security benefit based on your lifetime earnings; to request publications you may need; to apply for a new or replacement Social Security card; to verify the amount of Social Security benefits you receive each month; and for other requests. The best times to call are late in the week and month.



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